

December 23, 2011

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: WC Docket No. 11-42 - Lifeline and Link Up Reform and Modernization  
**NOTICE OF EX PARTE PRESENTATION**

Dear Ms. Dortch:

This letter is submitted on behalf of TracFone Wireless, Inc. ("TracFone"). TracFone has recently become aware of a letter sent to Chairman Genachowski by Senator Claire McCaskill (D-MO) as well as a recent news story shown on Station KMOV-TV, St. Louis, MO describing certain problems with the distribution of wireless handsets by several Eligible Telecommunications Carriers ("ETCs") providing Lifeline service in Missouri. As a major provider of wireless Lifeline service, TracFone consistently endeavors to operate its Lifeline program in conformance with the letter and the spirit of all applicable federal and state laws governing Lifeline and to prevent waste, fraud and abuse of Universal Service Fund resources. Although the KMOV-TV story described the conduct of another ETC -- not TracFone, TracFone herein responds both the Senator McCaskill's letter and to the KMOV-TV report.

Senator McCaskill's letter expresses her concern about the potential for abuse of the Lifeline program -- a program funded by American consumers through the Universal Service Fund surcharges imposed by their telecommunications carriers on consumers' telephone bills. TracFone shares that concern and has been an industry leader in taking proactive steps to prevent waste fraud, and abuse of USF resources. These steps include, but are not limited to, the following:

- Requiring all Lifeline customers to verify that they remain Lifeline-eligible, remain head of household and only receive Lifeline-supported service from TracFone, and de-enrolling from its Lifeline program all customers who fail to so verify (rather than limiting annual verification to a random sample of customers);
- Establishing, in consultation with state commissions, a 60 day non-usage policy, pursuant to which those Lifeline customers who do not use their Lifeline service for 60 days are removed from the program;
- Requiring all Lifeline applicants to provide date of birth and Social Security Number (last 4 digits) to confirm each applicant's identity;
- Engaging the services of Lexis-Nexis to confirm customer identities;

- Worked with members of the Commission staff, the Universal Service Administrative Company, and other ETCs to develop and implement a process for de-enrolling customers enrolled in multiple ETCs' Lifeline programs in accordance with a memorandum opinion and order issued by the Commission on June 21, 2011.

Senator McCaskill notes that the level of Lifeline disbursements has increased in recent years, both nationally and in her home state of Missouri. That is correct. However, much of that increase is properly attributable to current economic conditions which have caused many thousands of people, including residents of Missouri, to be unemployed and to become Lifeline-eligible. In fact, even in the current conditions, the Lifeline program remains underutilized throughout the nation, including Missouri. According to data available on the Universal Service Administrative Company website ([www.universalservice.org](http://www.universalservice.org)), Lifeline participation by qualified low income households in Missouri in 2010 was between ten percent and twenty percent. While that is a modest improvement over Missouri's woeful 10.3 percent Lifeline participation rate reported by the Commission for 2002 (Lifeline and Link-Up (Report and Order and Further Notice of Proposed Rulemaking), 19 FCC Rcd 8302 (2004), at Appendix K - Section 1: Baseline Information Table 1.A Baseline Lifeline Subscription Information (Year 2002)). Still more than eighty percent of low-income Lifeline-eligible Missouri households were not benefitting from the program as of the end of 2010.

Although not mentioned in Senator McCaskill's letter, it has been reported in the press that Senator McCaskill may have received a mailer at her residence in Washington, DC offering her Lifeline service. Reportedly, the letter was from TracFone's SafeLink Wireless® service. TracFone regrets that such a letter was inadvertently sent to the Senator. However, had Senator McCaskill or any other similarly-situated recipient attempted to enroll in the SafeLink Wireless® program, they would not have been permitted to do so unless they were Lifeline-eligible. As TracFone recently explained to Commission staff personnel, several months ago, it discontinued all use of mailers which contain wording like "pre-approved." It has also eliminated use of the term "no proof necessary" in all promotional materials and mailers. While such wording is not prohibited by any rule, TracFone voluntarily discontinued such wording in its mailers so as to remove any unintended misunderstanding regarding the program's enrollment requirements. TracFone encourages other ETCs to do the same.

According to the KMOV-TV news story posted December 13, 2011, an agent of one ETC identified as Life Wireless was distributing wireless phones to consumers outside the Missouri Workplace Development offices, "many of whom openly admitted they already had multiple government-funded phones." TracFone has no knowledge of that situation other than what was reported by KMOV-TV. However, if wireless phones and Lifeline service were being provided by any ETC to consumers already receiving Lifeline benefits, that would be regrettable and would constitute waste, fraud, and abuse of USF resources.

Importantly, the safeguards implemented by TracFone (listed above) would prevent this from occurring with SafeLink Wireless® service. Ironically, this fraudulent conduct occurred in Missouri. Missouri is a "full certification" state. In Missouri, applicants for Lifeline benefits are

required to provide documentation of enrollment in qualifying programs. Apparently, Missouri's full certification requirement did not prevent unscrupulous agents of another ETC from distributing phones and enrolling non-qualified customers in that provider's Lifeline program.

TracFone opposes mandatory full certification since, as described in prior TracFone submissions, full certification does little to prevent enrollment by non-qualified persons and does nothing to prevent duplicate enrollment (so-called "double dipping"). What full certification does is impose a major impediment to completion of the Lifeline enrollment process by qualified low-income persons. Those impediments may explain Missouri's under twenty percent Lifeline participation rate reported by USAC.

TracFone has long advocated that Lifeline applicants be required to provide more comprehensive personal identification information, specifically, date of birth and Social Security Number (last four digits), as TracFone requires of applicants for enrollment in its Lifeline program. Had Missouri required such information, the improper distribution of wireless handsets by that other ETC reported by KMOV-TV could have been prevented.

In summary, the concerns articulated by Senator McCaskill and the abuses reported by Station KMOV-TV can be prevented if the Commission adopts as a national requirement that all ETCs obtain customer information necessary to so that Lifeline applicant's true identity can be confirmed.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically. If there are questions, please communicate directly with undersigned counsel for TracFone.

Sincerely,



Mitchell F. Brecher

cc: Mr. Zachary Katz  
Ms. Christine D. Kurth  
Ms. Angela Kronenberg  
Ms. Sharon Gillett  
Mr. Trent Harkrader  
Ms. Kim Scardino  
Mr. Johathan Lechter  
Ms. Jamie Susskind